



# **TAX INCREMENTAL FINANCING (TIF) IN WEST ALLIS** **2014 UPDATE**



May 1, 2015  
 Prepared by the Department of Development  
 In cooperation with the Department of Finance

## Tax Incremental District

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## EXECUTIVE SUMMARY

A city is not gauged by its length and width,  
but by the broadness of its vision and the  
height of its dreams. Herb Caen

The City of West Allis Department of Development has worked collaboratively with the Department of Finance to produce a comprehensive report on the City's existing Tax Incremental Districts (TID), which includes financial profiles and audited financial statements.

The report describes the strategies involved in utilizing various financing mechanisms provided by a TID called Tax Increment Financing (TIF). This financing tool is utilized through the City's redevelopment entity, referred to as the Community Development Authority of the City of West Allis (CDA). In addition to TIF financing, the report evaluates other financial resources employed by the CDA to address the blight and blighting influences in TIF Districts throughout the City of West Allis. The report will not provide a detailed review of the financial intricacies involved in each TIF but will provide the color and flavor of the challenges and financing strategies that made each TIF District unique.

Like most Wisconsin communities, Tax Incremental Financing (TIF) is West Allis' most powerful economic development tool and often the impetus to advance image transformation. A primarily TIF-funded redevelopment strategy for the City is projected to add over \$228.9 million in new property tax base, providing over \$6.3 million of new tax revenue and has already expand the employment base by 4,450 jobs and is projected to add another 1,250 for a total of 5,700 new jobs.

### **TIF as a tool**

Tax Incremental Financing is a tool to be used in cases where economic development would not occur "unless or but for" the use of public assistance. Often, TIF is the catalyst that leverages the necessary private capital dollars and other state or federal resources to transform a neighborhood or a challenged site.

### **Changing Brownfields**

Throughout this report, we will use the term Brownfield Redevelopment. Brownfields are real property, the expansion, redevelopment, or reuse of which may be complicated by the presence or potential presence of a hazardous substance, pollutant, or contaminant.

Cleaning up and reinvesting in these properties protects the environment, reduces blight, and takes development pressures off greenspaces and working lands. Brownfield redevelopment is also one of the state's strongest weapons in combating urban sprawl. Recent academic research suggests that for every 1 acre of brownfield redevelopment 3 to 3 ½ rural acres are preserved from urbanization.

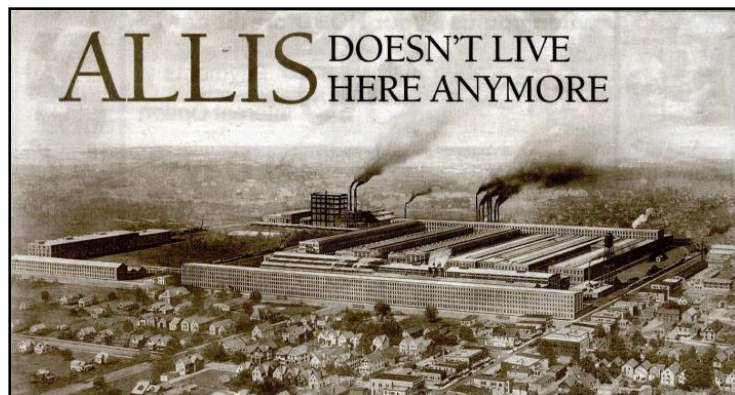
## **West Allis Philosophy**

The first priority for West Allis is to assist a private-sector developer in taking the lead on any redevelopment initiative. However, when no private-sector developer steps forward, the CDA will lead the redevelopment effort as “developer of last resort” in the sense of performing due diligence work. In the West Allis experience, the work performed is required to obtain DNR closure and most importantly meet the conditions that are acceptable to secure private sector investment and bank financing.

The CDA becomes a “change agent” and performs the necessary investigation, clean-up, demolition, research, marketing, and analysis that is sufficient to attract a development or a particular use.

### The City's Redevelopment MISSION: Regeneration

In West Allis, the former Allis-Chalmers Manufacturing Co. went bankrupt in 1987 causing the loss of thousands of jobs. In a broader view of the City's economic health, from 1979 to 1989, West Allis lost 8,500 manufacturing jobs, experienced a decline of 10,000 residents, as well as a 25% drop in the average wage within the City, all while the property tax burden was dramatically shifted from industrial to residential. The mission was unique – first-ring suburban neighborhood regeneration, and Tax Incremental Financing was utilized to take it on.



## **The Districts**

As a response to this challenge, the City of West Allis has created 14 Tax Incremental Financing Districts that consist of many sizes and solve many different problems. The periods of time span the early 1990's to today. These Districts are in various stages of implementation, from completed to recently adopted. They range from individual parcel (re)developments, such as Quad/Graphics, to larger neighborhood transformations, like the Six Points/Farmers Market District. Some of them focus on job creation, like



Summit Place, while others, such as the Pioneer District, provide housing options and neighborhood improvements. More often than not, districts contain multiple aspects.

State legislation mandates that no more than 12% of a municipality's taxable property value may be within Tax Incremental Financing Districts. As of 2014, the City of West Allis has 3.5% of its property within TIDs, suggesting that there is capacity for additional worthy projects. As opportunities for redevelopment are researched, suggested, and/or presented, staff and City officials will continue to evaluate the financial and land use merits of each proposal. Proposals are evaluated in conjunction with the City's Comprehensive Plan, and the TIF "but for" test.

## The Results

When fully completed, as projected, the districts will represent nearly \$229 million of additional tax base and \$6.3 million of additional tax revenue, of which \$2.1 million (34%) goes to the City to fund municipal services for our residents and local businesses. Without the proactive use of TIF, these Districts would likely have languished and continued to blight the community, producing little, if any, increased property tax base and supporting job creation initiatives to benefit community residents and local businesses.

	ALL TIDs
	Total
Base Value	\$61,000,000
Current Tax Increment Value	\$125,733,000
Projected Tax Increment Value	\$103,167,000
<b>Total Value</b>	<b>\$289,853,600</b>
Base Taxes	\$1,601,000
Current Tax Increment	\$3,409,000
Projected Tax Increment	\$2,906,000
<b>Total Taxes</b>	<b>\$7,916,000</b>
New Jobs Created	4,450
Projected New jobs	1,259
<b>Total New Jobs</b>	<b>5,700</b>



## About the Numbers

- These projections assume 4% interest on outstanding debt, a 1% annual growth in value and a constant mil rate (28.17). Values are as of 2014, whereas project costs are based on the City's 2103 Audited Financial Statements.
- (In the first two years of a TID's life, no new taxes are generated. The first year is often required for construction, which becomes taxable in the second year, and the new revenue is then received to the district in the third year.)
- The TIF projections are all prior cost, including 2014 expenditures and currently-estimated future costs as part of the total projects' costs to determine the overall life of a TIF district.

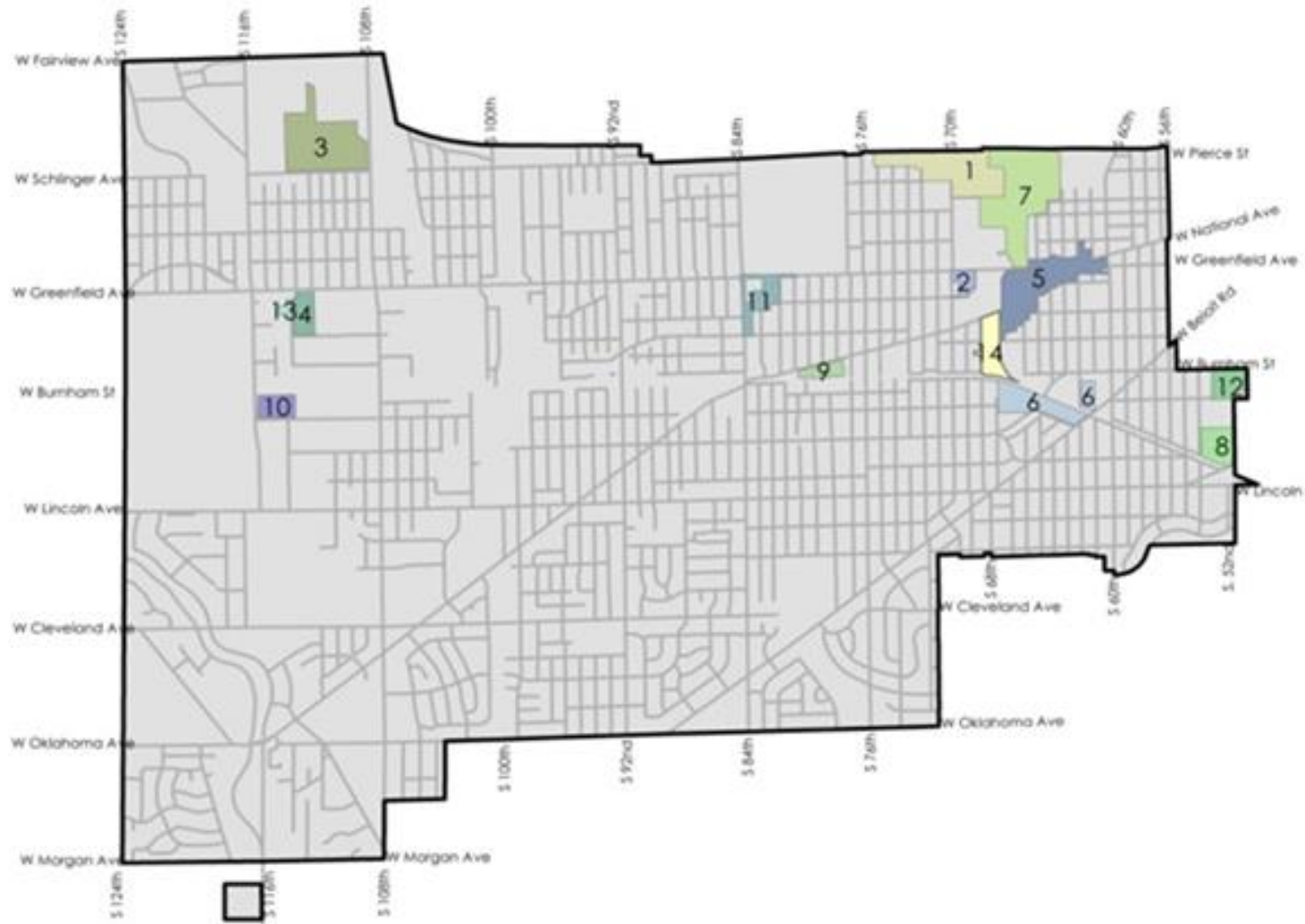
***The first state tax incentive for economic development is thought to have occurred in 1791. New Jersey offered a tax abatement to Alexander Hamilton to locate his manufacturing plant in the state.***



## TAX INCREMENT DISTRICT SUMMARY

		Base Value	Current Increment	Projected Increment	Total Value	Incremental Value	Incremental Taxes	Created Jobs	Projected Jobs	Total Jobs
1	S. 70 <sup>th</sup> St. and W. Walker St.	\$5,781,900	\$20,427,500	\$0	\$26,209,400	\$20,427,500	\$588,147	520	0	520
2	Veterans Park	\$1,681,600	\$7,148,100	\$0	\$8,829,700	\$7,142,100	\$204,897	5	0	5
3	Quad/Graphics	\$4,307,500	\$9,636,900	\$0	\$13,944,400	\$9,636,900	\$288,533	800	0	800
4	S. 113 <sup>th</sup> St. and W. Greenfield Ave.	\$0	\$8,863,700	\$300,000	\$9,163,700	\$8,863,700	\$260,481	230	0	230
5	Six Points / Farmers Market	\$18,524,000	\$23,660,400	\$50,000,000	\$92,184,400	\$73,660,400	\$2,622,144	30	200	230
6	Juneau Highlands	\$1,330,600	(\$574,200)	\$6,586,000	\$7,342,400	\$8,045,800	\$179,344	0	140	140
7	Summit Place	\$15,914,400	\$47,078,900	\$0	\$62,993,300	\$47,078,900	\$1,041,181	2,700	200	2,900
8	Wehr Steel	\$1,075,800	\$6,807,500	\$0	\$7,883,300	\$6,807,500	\$199,935	85	0	85
9	Pioneer Neighborhood	\$2,299,600	\$9,251,800	\$1,666,000	\$13,217,400	\$10,851,800	\$322,716	25	0	25
10	Yellow Freight	\$3,463,600	(\$3,457,500)	\$11,320,000	\$11,326,100	\$7,862,500	\$252,541	0	130	130
11	84 <sup>th</sup> and Greenfield	\$4,678,000	(\$3,053,700)	\$15,000,000	\$16,624,300	\$11,946,300	\$376,572	0	25	25
12	Teledyne	\$232,900	\$6,000	\$6,300,000	\$6,538,900	\$6,306,000	\$166,743	0	195	195
13	Former Home Juice	\$537,400	(\$62,800)	\$1,200,000	\$1,674,600	\$1,137,200	\$30,244	0	10	10
14	68 <sup>th</sup> and Mitchell	\$1,126,800	\$0	\$10,794,900	\$11,921,700	\$10,794,900	\$304,093	0	350	350
		<b>\$60,954,100</b>	<b>\$125,732,600</b>	<b>\$103,166,900</b>	<b>\$289,853,600</b>	<b>\$228,899,500</b>	<b>\$6,314,971</b>	<b>4,395</b>	<b>1,250</b>	<b>5,645</b>

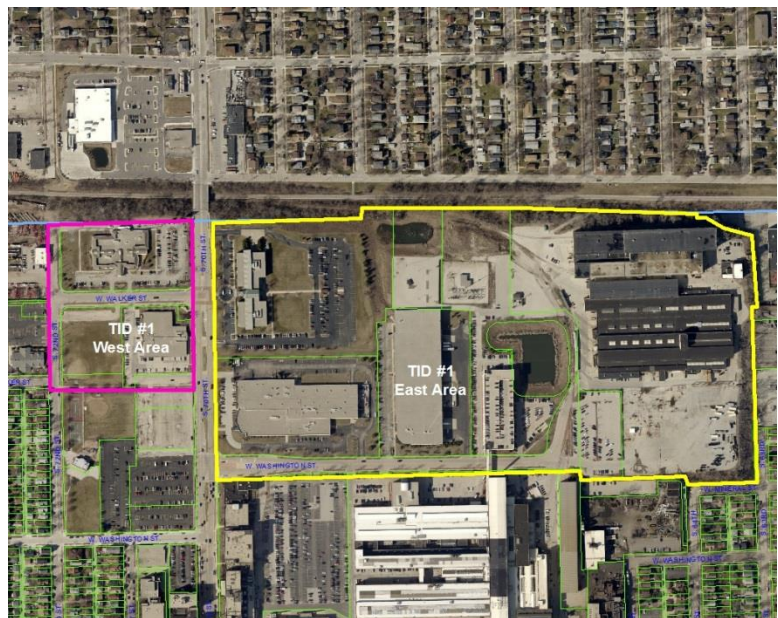
## MAP OF TAX INCREMENT DISTRICTS



## TIF DISTRICT NO. 1 – S. 70<sup>TH</sup> ST. AND W. WALKER ST. – CLOSED



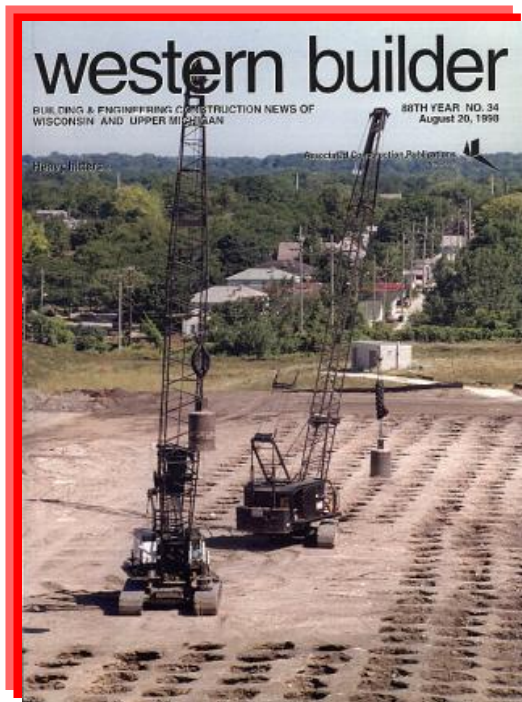
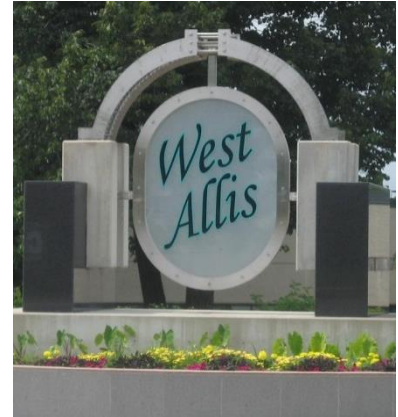
The District, pictured to the right, was composed of two general areas east and west of S. 70<sup>th</sup> St. and both generally north of Washington Street. On the East were the vacant and dilapidated former Allis-Chalmers Tractor Plant buildings. On the West, the buildings, just as dilapidated, included a vacant 4-story industrial dinosaur (former Milwaukee Stamping Building) and another 150,000 ft.<sup>2</sup> condemned industrial building. These buildings exceeded their economic development life or usefulness resulting in vacancy and low-end uses (i.e. cold storage, etc.). These sites were further impacted by a wide range of soil and groundwater environmental issues. The project also financed the reconstruction of one of the city's most important gateways, S. 70 St.





The City's 70<sup>th</sup> St. gateway witnessed over \$20 million in new development following the implementation of the City's first TIF in 1993. When the TIF was discussed for adoption, the 43.4-acre District contained properties that were arguably the most blighted areas of the City. Today, the area is a welcoming, vibrant business corridor greeting over 14,000 vehicles per day. The District added over 520 jobs and attracted business icons like Poblocki Sign Co., C&H Distributors, Columbia/St. Mary's Gateway Medical Clinic, an office complex owned by Tri-City Bank, plus over 100,000 ft.<sup>2</sup> of additional manufacturing facilities.

The original project involved \$6,215,000 of project costs, including acquisition, demolition of dilapidated former industrial buildings and substantial environmental clean-up. In many cases the soils were also substantially



impaired by poor fill that did not meet modern compaction requirements necessary to support a modern industrial building.

The Project Plan was amended in 1996 to include \$1.8 million for public infrastructure improvements for the reconstruction of S. 70 St. from the north city limits, south to W. Greenfield Ave., including replacement of all storm and sanitary sewer lines and the addition of arguably one of Milwaukee Metropolitan area's most iconic gateway signs.

One of the more unique hurdles in the development of the C & H Distributors site was residual environmental contamination after virtually all of the environmental remediation was completed. The site was cleared of all environmental issues except one monitoring well that continued to report the presence of volatile

organic compounds (VOCs). The site could not become bankable/developable until this environmental issue was resolved and DNR approved case closure for the site.

To expedite the redevelopment of the site, the CDA provided environmental indemnification in order to allow the company to immediately begin the construction of a 67,479 ft.<sup>2</sup> office building. Interestingly enough, it would ultimately take 13 years to extract the nearly 50 gallons of heavy petroleum at a cost of about \$60,000 to obtain DNR case closure.



Because of the environmental indemnification provided by the CDA, the City did not have to wait for 13 years for the development of C&H's corporate headquarters building. It immediately began realizing the benefit of 250 jobs and also during that time collected in excess of \$2,300,000 in property taxes.

The 114,000 ft.<sup>2</sup> multi-tenant industrial facility located at 6736 W. Washington St. offered what was to become a typical soils impediment issue, the need for geotechnical soil compaction. In addition to the typical Brownfield redevelopment issues, the soils were too loose to hold a modern structure even though Allis Chalmers built tractors on that landmass for over one hundred years. In order to build the property, nearly 6 feet of soil compaction (as shown on the picture on the preceding page) was required in order to achieve the necessary soils suitability on which to build a modern manufacturing building.

The District was successfully terminated in March 2008.

When created, the District base valued at \$5,782,000 and produced \$161,200 in taxes. Currently, the District has a value of \$26,209,000, which provides \$745,300 in taxes. This relates to a current tax incremental value of \$20,427,000 and increased tax revenue of \$584,100.

The TIF also donated surplus revenues in the amount of \$1.1 million to the Veterans Park District (TID #2).



	<b>Total</b>
Base Value	\$ 5,782,000
Current Tax Increment Value	\$20,427,000
Projected Tax Increment Value	\$0
<b>Total Value</b>	<b>\$26,209,000</b>
Base Taxes	\$161,200
Current Tax Increment	\$584,100
Projected Tax Increment	\$0
<b>Total Taxes</b>	<b>\$745,300</b>
New Jobs Created	520
Projected New jobs	0
<b>Total New Jobs</b>	<b>520</b>



## **TIF DISTRICT NO. 2 – VETERANS PARK - CLOSED**

(S.E. Corner of S. 70 St. & W. Greenfield Ave.)

This TIF was dissolved in 2014, two years ahead of schedule. The project added over \$7 million of incremental value and \$204,897 of tax incremental revenue. The TIF successfully

transformed the southeast corner of S. 70 St. and W. Greenfield Ave. out of a sharply declining neighborhood. The neighborhood's buildings were severely dilapidated and were a major blighting influence on the surrounding area. The properties were primarily commercial



uses such as mixed use buildings, bars, flop-houses and adult entertainment. The project dramatically reversed the declining image and successfully improved the area by adding new housing choices.

The City created this 4.7-acre District after it began witnessing declining property values, deteriorating and dilapidated buildings. These conditions were further leading to a decline in the City's overall tax base and reduced revenues for the City. The City utilized project funding of \$4,160,164 to underwrite land assembly, building acquisition, demolition, relocation benefits, environmental remediation and reconstruction of W.

Orchard St. and S. 68 St.



Today, the area consists of The Landmark, a 127-unit contemporary senior community with both market-rate (\$905 - \$1,015 1-BR and \$1,060 - \$1,275 2-BR) and Low-Income Housing Tax Credit assisted rental units (\$640). The facility features a well-maintained landscape and initiated an architectural statement that became a model for high-density, quality construction in the community.

The project, along with about a \$200,000 special assessment to the developer, financed the reconstruction of W. Orchard St. and S. 68 St., including sanitary, storm, and water facilities.

	<b>Total</b>
Base Value	\$1,681,600
Current Tax Increment Value	\$7,148,100
Projected Tax Increment Value	\$0
<b>Total Value</b>	<b>\$8,829,700</b>
Base Taxes	\$46,900
Current Tax Increment	\$204,900
Projected Tax Increment	\$0
<b>Total Taxes</b>	<b>\$251,800</b>
New Jobs Created	5
Projected New jobs	0
<b>Total New Jobs</b>	<b>5</b>

## **TIF DISTRICT NO. 3 – QUAD/GRAPHICS - CLOSED**

In 1994, the northwest corner of the crossing of Hwy. 100 and Theodore Trecker Way was growing in demand as the real estate market looked for retail destination locations with visibility to the Interstate. However, the 48-acre site was occupied by a large idle, industrial building once owned by Giddings and Lewis.

The City's first option regarding involvement in an idle private-sector site is always to do nothing. However, doing nothing in this case would mean getting a retail big box development employing a modest amount of retail-related low-wage jobs.

The City made a significant economic development policy decision that it was in the public interest to attract a state-of-the-art manufacturing facility with quality family supporting jobs.



As part of the economic development policy decision-making

process, the Mayor and Common Council and representatives of the other taxing jurisdictions unanimously decided to form a TIF District that allowed the City to address the vacant idle industrial building's redevelopment impediments. The end result of this policy was the attraction of Quad/Graphics Inc., a Fortune 500 company. This successful attraction allowed for the creation of over 800 family-supporting jobs.

The deal ultimately opened the door to well over a quarter-of-a-billion dollars in private equipment investment and transformed a 550,000 ft.<sup>2</sup> obsolete industrial facility to an impressive 905,000 ft.<sup>2</sup> state-of-the-art global printing operation including Quad Med, a rapidly expanding corporately-owned health care system.

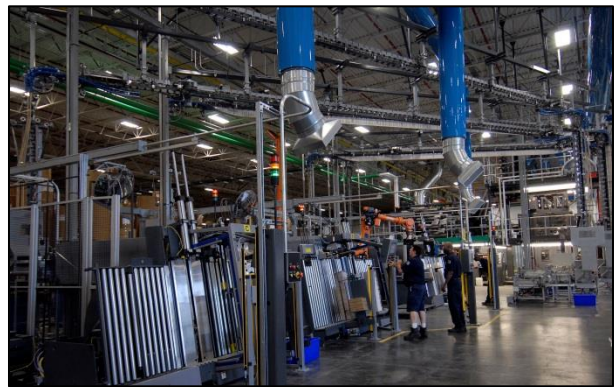
Today, the facility has tripled its value to nearly \$13,900,000, which represents an increase of \$8,830,000 from its base value of \$4,300,000. In addition, the District now generates nearly \$409,000 in taxes.

Often, the perception of environmental risk deters investment and finding an acceptable method of allocating the risk between the various parties often kills many transactions. In the case of this District, the risk associated with the environmental personality of the property was the principal impediment barring the successful conclusion of a transaction between the prospective buyer (Quad/Graphics) and seller (Giddings & Lewis).



To bring Quad/Graphics back to the negotiating table and to overcome the “Clash of Corporate Cultures,” the City purchased the property from Giddings & Lewis and subsequently sold it to Quad/Graphics. The City of West Allis was the first city in the state to use newly enacted legislation (Act 453), which is now the Voluntary Party Liability Exemption (VPLE) program, to offer environmental comfort to buyers & sellers of formerly contaminated properties.

In addition, the seller was very concerned that the buyer would litigate over third-party environmental claims, so the City of West Allis in partnership with the Wisconsin Department of Commerce created a \$1.5-million “Indemnification Fund.” Milwaukee County also provided a contingent Standby Liability pledge of \$2.5 million. Through good stewardship by the City, the Indemnification Fund was never drawn upon and the monies were returned to the City and the State, and Milwaukee County was released from its pledge.



The buyer was also concerned about owning a contaminated property. To resolve this, the City bought the property from the seller and sold the property to Quad/Graphics on a Land Sale Contract. The sale had a seven-year term and ended in a balloon payment which coincided with the time that was expected to complete the environmental clean-up.

Instead of borrowing the funds for acquisition the City funded the project with internal borrowing from the City’s operating reserves yielding an 8.5% return to the general fund on the investment by the City. Over the seven-year term of the land sale contract the City’s general fund earn nearly \$2,400,000 in immediate property tax relief.

This District was amended in 2008 to include \$500,000 for street resurfacing improvement on Theodore Trecker Way, which extended the District’s projected closing date by about 1.5 years. The street resurfacing was an important project in maintaining an active commercial corridor that connects to an industrial segment of the City. This action allowed the City to expend the \$500,000 that was budgeted for this project from General Obligation Bonds on other City street projects.

The District has successfully satisfied the investment of \$4.7 million in capital costs not including interest and fiscal charges. The TIF also donated surplus revenues in the

amount of \$2.5 million to the Juneau Highlands (TID #6) and Six Points/Farmers Market (TID #5) Districts.

Base Year	1994
Base Value (1994)	\$4,307,500
Current Value (2014)	\$13,944,400
<b>Incremental Value</b>	<b>\$9,636,900</b>
Base Taxes	\$120,100
Current Taxes (2013)	\$408,633
<b>Incremental Tax Revenue</b>	<b>\$288,533</b>
District Closure	2008 (15 years)



## **TIF DISTRICT NO. 4 – S. 113<sup>th</sup> ST. and W. GREENFIELD AVE. - CLOSED**

The vibrant blue architectural glass of the 127,000 ft.<sup>2</sup> building located at S. 113 St. and W. Greenfield Ave. is a staunch contrast to the barren land that once was a 9.9-acre public works storage yard. Following the creation of a TID and the investment of \$2.7 million of public funds to address geotechnical costs and environmental concerns, the property attracted 230 jobs and business tenants such as Milwaukee Plate Glass, ABRA Auto Body and Glass, Wisconsin Medical –Cyclotron LLC, Office Copying Equipment, LTD., and Knueppel Healthcare Services. Today, the District is valued at \$8,900,000 and in 2014 collected nearly \$242,000 in property taxes. This District was closed in 2006, nine years ahead of the anticipated 2014 closing date.

Challenged by historic land uses such as a quarry and landfill for non-organic demolition materials, the City formed a TID to prepare the property for development. In addition, the site had serious geotechnical (poor soil bearing capacity) concerns, in that as a former quarry, filled with non-compacted soils, the soil was so poor that it was essentially unbuildable.

Of note, the site was also contaminated with 26,000 tons of woodchips that were laced with iron cyanide (generated as a byproduct of the manufactured gas process), which the City successfully litigated against Wisconsin Electric Power Co. to pay for clean-up.

The TIF supported \$1.1 million in geotechnical specialized site work to compact the soils so that the land could meet the engineering standards for new buildings.

The remaining \$1.6 million was utilized for environmental cleanup not related to the \$1.8 million of remediation costs paid by Wisconsin Electric Power Co. (WEPCO) now We Energies.



The company was also required by the court to pay the City about \$7 million in punitive damages which the City utilized to renovate the City's three (3) fire stations.



Today, the District is valued at about \$8,900,000 which also represents the full incremental value increase, since the District had a base value of \$0. In 2014, the District collected \$242,000 of taxes.

	<b>Total</b>
Base Value	\$0
Current Tax Increment Value	\$8,863,700
Projected Tax Increment Value	\$300,000
<b>Total Value</b>	<b>\$9,163,700</b>
Base Taxes	\$0
Current Tax Increment	\$252,000
Projected Tax Increment	\$8,500
<b>Total Taxes</b>	<b>\$260,500</b>
New Jobs Created	230
Projected New jobs	0
<b>Total New Jobs</b>	<b>230</b>





## **TIF DISTRICT NO. 5 – SIX POINTS / FARMERS MARKET**

(In the corridor of W. Greenfield Ave. & W. National Ave., and roughly S. 60 St. to S. 67 St.)

The Six Points/Farmers Market Redevelopment Area, the 44-acre District, was a challenging and ambitious undertaking by the City of West Allis to transition an aging industrial corridor into a mix of contemporary housing choices and neighborhood commercial uses. Faced with numerous historic brownfield issues and the assemblage of several underutilized parcels, the City had successfully acquired and cleared land to accommodate a multi-phase development. Though the recent recession challenged development, following the completion and recent \$19-million sale of Phase I, the area is gaining recognition in the real estate community as a prime opportunity and has been a huge game-changer for the image of the City of West Allis.

Tax Incremental District Number Five was adopted in 2001 and is situated along a six-block-long corridor in the Six Points/Farmers Market area. The creation of the District was necessary to eliminate dilapidated industrial buildings, flophouses, junkyards and prevent the spread of blight, which was being experienced through years of disinvestment, incompatible land uses and declining property values.



In order to turn around the trajectory of the neighborhood, Tax Incremental Financing was used to help pay for acquisition, relocation, demolition, legal environmental cleanup and geotechnical costs that far exceeded the market value of the property. As the private sector could only afford to pay market value for land, the City, through the use of TIF, absorbed above market costs so the parcels could compete favorably for private redevelopment.

To date, this District is approximately half complete. Many large- and small-scale projects were completed prior to the downturn in the economy, which provided visible evidence of the District's promise. Increased attention has been given to the remaining sites, which is expected to keep the District on a positive track for high end reuse.

The Berkshire, one of the first major redevelopments, opened to occupants in 2004. This project redeveloped 1.3-acres of land along W. Greenfield Ave., east of S. 64 St. into 80 units of senior living and three (3) street-level commercial tenants. As one of the first



completed projects in the District, this development served as an early catalyst for continued redevelopment. The Berkshire is currently valued at \$3.6 million.



Across the street, for the Six Points East Condos, the City of West Allis underwrote the \$1,000,000 acquisition, demolition and relocation of a half-block of properties on the north side of W. Greenfield Ave. between S. 63 St. and S. 64 St. As a result of that investment, a \$12-million mixed-use development was constructed in 2008 on the 1.2-acre site. The development includes 42 condominium units, all of which have been sold and are assessed

between \$110,000 and \$245,000. The project also features 20,000 ft.<sup>2</sup> of street-level retail space, which remains available.

Complementing those large-scale residential projects, several other notable commercial projects have been completed within the District. One of the first improvements in the District occurred with the redevelopment of the Taco Bell restaurant on S. 60 St., which commenced shortly after the District was created. In 2008, the Historic West Allis Bank Building underwent extensive renovations and restored parts of its historical character. Also, a new Walgreen's pharmacy completed construction in 2009 at the neighborhood's eastern border adding property value, a commercial asset and desirable aesthetic enhancements.



In addition to utilizing funding to directly spur private redevelopment, in 2006, \$2 million in TIF was utilized to pay for the preservation and renovation of West Allis' historic Farmers Market. This work, which was completed in July 2007 brought a fresh-face to one of the City's most recognized icons visited by thousands each year as well as notable chefs from metro area. In terms of enhancing the City's image there probably could not have been a more successful project to accomplish this goal.



Although the eastern half of the District has already undergone extensive redevelopment, large opportunities still remain on the western half.

As a major component of the District's western half, over 17 acres of land was cleared and assembled for high-quality mixed-use development. This site offers the City a



Late in 2003, the CDA published a request for proposals to develop three parcels, composed primarily of two former Pressed Steel Tank parcels and another parcel immediately west of the Farmers Market, which were to be developed in three phases.



20

In December 2013, through claw back provisions in the original Purchase and Sale Agreement, the site was re-acquired by the CDA at a substantially discounted value because of the developer's lack of performance. The CDA is currently marketing the site for potential redevelopment as multi-family residential, commercial or light industrial opportunities, which could range in value from \$10 million to \$26 million.

The site contains 5.8-acres, which required the acquisition, relocation, demolition and environmental remediation of two junk yards, a salvage company, two taverns and other businesses south of W. National Ave. and west of S. 66 St. The site has been cleared and preliminarily prepared for additional multi-family, commercial or industrial development. The CDA acquired 13 different Brownfield parcels. The CDA received nearly \$435,000 of grant funding, including \$300,000 in Site Assessment Grants (SAG) funding from DNR and has been awarded about \$135,000 Wisconsin Department of Commerce Brownfield Grants to facilitate environmental remediation of the various sites.

**Phase III** of the redevelopment project, associated with the former Pressed Steel Tank facility, is located northwest of the Historic Farmers Market and encompasses nearly 8 acres. The site has been cleared and cleaned for development. Approximately \$2.5 million of grant funding was awarded to assist with the cleanup including \$200,000 of SAG funding from the DNR, Wisconsin Department of Commerce and US EPA.

It was initially planned that Phase III could add a mix of 260 residential units and over 15,000 ft.<sup>2</sup> of commercial space to the neighborhood throughout seven (7) buildings; however, construction never commenced.

The site made the short list for a high tech avionics manufacturing complex and also was the preferred site for a proposed senior living complex and corporate office headquarters, but did not move forward.

The site is currently being marketed for office, commercial or multi-family development. The City is currently negotiating with four (4) potential developers for various combinations of office, commercial and residential development. The projected future value of this parcel ranges from \$15 million to \$40 million.

The CDA has contracted with a commercial real estate firm to help market these remaining phases of development, with the expectation that development will occur soon. Current projections suggest development as high as \$40-million for office or mixed-use development. Those projects are not expected to be incrementally developed within the District until about 2019.

With projected development values taken into consideration, the District could potentially require about an additional \$1,000,000 TIF contribution from the Whitnall Summit TIF # 7 to maintain expiration in 2027 after 27 years. This amount could be mitigated should redevelopment accelerate faster than the current conservative estimates suggest.

	<b>Total</b>
Base Value	\$18,524,000
Current Tax Increment Value	\$23,660,400
Projected Tax Increment Value	\$50,000,000
<b>Total Value</b>	<b>\$92,184,400</b>
Base Taxes	\$516,600
Current Tax Increment	\$697,000
Projected Tax Increment	\$1,409,000
<b>Total Taxes</b>	<b>\$2,622,000</b>
New Jobs Created	30
Projected New jobs	200
<b>Total New Jobs</b>	<b>230</b>





## **TIF DISTRICT NO. 6 – JUNEAU HIGHLANDS BUSINESS PARK**

(1960 S. 67 Place)

This District, located in the vicinity of S. 67 Pl. and W. Becher St., initially consisted of 11.61 acres and was created in order to pursue redevelopment in a proactive manner and prevent the site from accumulating additional fill materials that could not be developed upon. The site was originally a rock quarry and then had been used as a carbide gas manufacturing plant whose by-product was pure lime, which was dumped in the quarry. The site was most recently a waste storage and transfer facility, an oil/hazardous waste trucking terminal, and a salvage/junkyard. The site also featured numerous discarded vehicles prior to the onset of redevelopment.



The property received orders for building code and illegal junk yard operations. The owner was also under a DNR order to stop the leaching of the lime slurry on to W. Becher St.

The City worked with the owner to encourage efforts to clean up the site and prepare the property for redevelopment. The City also worked with MMSD, who agreed to pay the trucking cost so MMSD could use the lime in their waste water treatment process. When all the lime was removed the owner started to market the site as a rubble dump site. Weak ground stability at a rubble site would have made the site virtually unbuildable, and as a “last resort” initiative, the CDA stepped in and acquired the site.

Development within this district was initially delayed by several years, in order to provide approximately \$250,000 cost savings to the Six Points/Farmers Market (TID 5), which needed a location for the disposal of contaminated foundry sand. This decision was made by the CDA, who had the ultimate goal of reducing overall TIF project costs and saving public money (see photo on the right).



Today, the District is well situated in the real estate market and is pad ready to accommodate up to a 150,000 ft.<sup>2</sup> development and has received conditional approval for site closure from DNR.

Ultimately, to prepare the District for redevelopment, the land was cleared and environmental testing and clean-up was conducted. Project costs also included the relocation of the existing dumpsters and salvage that were present, site grading, geotechnical work to fill the former lime pits and the construction of a stormwater pond. The vast majority of the project costs for environmental remediation and geotechnical soil stability issues have been financed primarily through \$2,800,000 in Tax Incremental Financing through taxable General Obligation bonds.

Several outside sources have been leveraged to assist in financing this District, including most importantly, a DNR approval of four Site Assessment Grants totaling \$120,000 for various parcels. Also the Wisconsin Department of Commerce provided a Brownfield Grant in the amount of \$675,000. In addition, the U.S. Environmental Protection Agency (EPA) approved a Clean-up Grant in the amount of \$200,000, the Wisconsin Department of Commerce granted \$150,000 from its Emergency Assistance Program, and the American Recovery and Reinvestment Act provided an additional \$350,000 in 2009 to provide flooding relief to the abutting residential neighborhood.

In 2006 the Plating Engineering Company located a block away at 1926 S. 62 St., was abandoned, leaving a highly toxic and contaminated site. The City and DNR called in the US EPA for time critical environmental remedial response. EPA documented the presence of an estimated 30 plating vats and 100 drums and small containers. Analysis of vats, containers and drums indicated the presence of hazardous wastes that are corrosive and ignitable. It was concluded that current conditions of the site pose an imminent and substantial threat to human health, welfare, and the environment. EPA undertook a \$680,000 emergency response action to remove the most volatile hazards.



Unfortunately, because of the remaining environmental contamination, the Plating Engineering site is still undevelopable and unmarketable. To that end, in 2007, the boundaries of the TIF District were amended to include this site so as to provide a potential revenue source to fund the critically necessary environmental cleanup.

Fortunately, the CDA was able to work an arrangement with the DNR where the CDA, under an Agreement with DNR, would manage the environmental up-clean. DNR would finance through their Environmental Repair Fund the estimated nearly \$1,000,000 clean-up cost. Neither the City nor the CDA would incur any environmental liability under this Agreement.

Numerous development proposals have been reviewed for the Juneau Highlands Business Park site, including a 150,000 ft.<sup>2</sup> electric foundry and a 124,000 ft.<sup>2</sup> industrial facility. Those options did not materialize, in part due to general economic conditions,



availability of competing parcels in the market place such as Milwaukee's Menomonee Valley, changes in the real estate market as well as adjacent land uses, etc.



The CDA is in final negotiations with a developer to construct up to 150,000 ft.<sup>2</sup> flex space industrial property with an estimated value over \$7 million. The facility would be occupied by an 80,000 ft.<sup>2</sup> tenant and a 40,000 ft.<sup>2</sup>

space built on speculation. Expansion opportunity for an additional 30,000 ft.<sup>2</sup> would be designed into the layout. The development has the potential to add over 100 jobs to the community. The project is expected to close this summer with construction to start soon thereafter.

With the expected development, the District is projected to close in 2023.

	<b>Total</b>
Base Value	\$1,330,600
Current Tax Increment Value	\$(574,200)
Projected Tax Increment Value	\$6,586,000
<b>Total Value</b>	<b>\$7,342,400</b>
Base Taxes	\$28,800
Current Tax Increment	\$(6,200)
Projected Tax Increment	\$185,500
<b>Total Taxes</b>	<b>\$208,100</b>
New Jobs Created	0
Projected New jobs	140
<b>Total New Jobs</b>	<b>140</b>

## **TIF DISTRICT NO. 7 – SUMMIT PLACE**

Ultimately, through the City's innovative use of TIF and additional grant funding, the properties of the former Allis Chalmers complex within TIF #7 – Summit Place, experienced a revitalization that is perhaps one of the City's greatest redevelopment successes. Today, the District has a value of approximately \$63,000,000 and contains over 2,700 jobs.

Initially, a \$350,000 Wisconsin Department of Commerce Brownfield Grant was used to drive the redevelopment of the last three (3) vacant and



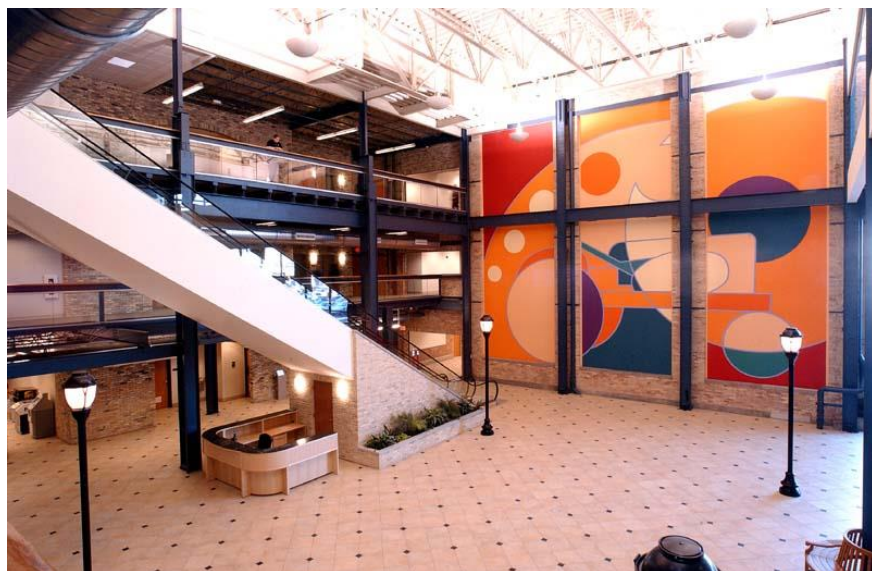
severely deteriorated former Allis-Chalmers Mfg. Co. "Shops" building. As a result of the Brownfield Grant, the CDA was able to utilize a leveraged financing model as the spark for the Complex's revitalization of these vacant buildings into 678,000 ft.<sup>2</sup> of built-out office space, which has been leased and occupied, making it the second largest office building in the metro-Milwaukee area. Today, the office complex is almost 97% occupied.

The Complex was once only occupied by Allis Chalmers Corporation; but today over 100 diversified businesses call this development home. Major tenants within the Summit Place Office Complex include Children's Hospital, Brookdale Senior Living, and International Association of Equipment Manufacturers. In addition, over 150,000 ft.<sup>2</sup> of manufacturing space is currently occupied by Global Power and Toshiba International Corp.

The initial \$7.3 million of TIF expenditures funded public improvements and deferred payment loans to the developer. Additionally, a \$568,000 DNR Urban Non-Point Source and Stormwater Grant, a \$1,000,000 contribution from the A-C Reorganization Trust, which allowed the CDA to assume title to the 8.9-acres from the utility corridor, funded stormwater enhancements and, as a result,



made valuable land available for a 450 stall private parking structure. In addition, the TID funded the creation of a 250-stall public parking lot on land originally owned by 6600 LLC. As a condition for developing the public parking lot the tenants of 6600 LLC



were allowed to park for free and Summit Place agreed to pay for all maintenance expenses plus make a payment in lieu of taxes as if the lot were privately owned, including a payment for storm water fees.

The City's designation of the property as a "Local Historic Landmark" by the West Allis Historical Commission permitted the use of the historic

building code along with additional installation of "Super" fire suppression measures, which saved the developer about \$250,000 in project costs.

In addition, New Market Tax Credits (NMTCs), made available by a wide variety of private equity capital options and instruments, allowed for financing of the aggressive renovation, and subordinated debt.

A \$30,000 SAG grant was also awarded by DNR for investigation of the ReGENco facility, which is now owned by Toshiba. This creative financial leveraging was just the beginning of a profound public-private partnership between the City of West Allis and Whitnall-Summit Co., and a strong cooperation of a variety of state and federal entities. When Siemen Power Corp. relocated with hundreds of jobs to a former Westinghouse fossil fuel facility in North Carolina, the City approached some of the local management to provide incentive financing to start a new company. From that genesis came ReGENco in 1999 with a \$500,000 loan from the CDA, a \$1,000,000 loan from the State of Wisconsin and over \$20,000,000 from local investors, including some of the states' major utility companies. All loans were paid off when in 2007 Toshiba International purchased ReGENco and now the power turbine generator facility provides over 150 family supporting manufacturing jobs

Building on its success, the District was amended in 2005 to provide an additional \$2.5 million in Tax Incremental Financing for additional private parking on the site, including two additional floors to the parking structure for 300 new parking stalls and constructing the required stormwater facilities associated with these lots. This amendment also provided a construction loan to assist with further building improvements and included funding for a commuter bike and pedestrian trail within the site.



A second amendment was approved in 2007 to upgrade off-site public infrastructure within the area. This amendment provided \$3.5 million for the reconstruction of W. National Ave. and streetscaping improvements, including streetlights, benches, bike lanes and safer pedestrian connections. This amendment added 1 year and 7 months to the expected termination date of the District.

In 2009, a third amendment was approved to finance a loan for a new ingress/egress corridor to the adjacent West Allis Towne Centre shopping center. The aging shopping center was old and tired, commonly referred to in the planning industry as a “graying mall.” The shopping center was also faced with increasing vacancies. Further, the lighting was poor resulting in safety concerns which lowered evening shopping demand. Images of the now defunct Northridge Mall come to mind.



The revitalization of the mall also included an easy connect access to the Summit Place office complex from the mall, which served as an alternate access to the office complex. The ingress/egress corridor provided much-needed relief to the traffic-congested office/industrial areas to the north. The TID provided a loan of \$1.5 million as an incentive to induce the property shopping mall owner (Ramco-Gershenson) to undertake the mall restoration. With 100% of the debt service plus 5.5% interest, being paid by the shopping mall owner, the above was completed at no cost to the TID.

The shopping center restoration included such things as paving, concrete curbs and gutters, lighting enhancements, pedestrian walkways throughout the complex, underground utilities, and building and site demolition. The project also included site improvements such as landscaping, irrigation, and an entrance feature along W. Greenfield Ave.

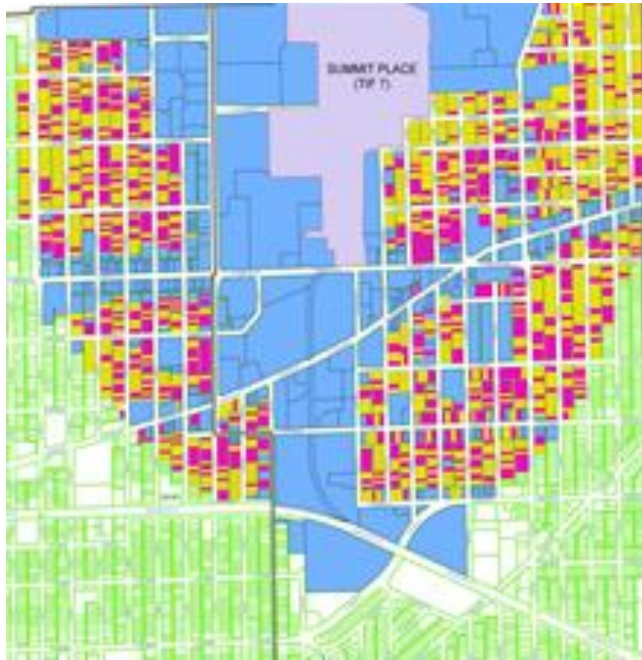


The fourth amendment provided \$1.5-million in TIF for job creation incentives and off-site neighborhood improvements. A \$1-million short-term loan was made to Whitnall Summit to finance necessary building improvements to successfully attract a new 300-job high-quality tenant.

\$500,000 was set aside to capitalize a Neighborhood Residential Improvement Program Fund, which was established for single-family residential homes within a half-mile surrounding the TIF District, as shown on the left. These funds will be loaned out at low to 0% interest rates to address blight, strengthen investment and assure continued

success of the neighborhood. Since the District had been performing so well, the additional funding added only a little over one year to the life of the District.

A fifth amendment was recently approved that added \$2.26-million in project costs for an additional 104 stalls to the parking structure to keep the complex competitive (which ultimately retained 150 existing jobs and 200 new jobs will be added).



To encourage the surrounding residential neighborhoods to stay strong, the Neighborhood Residential Improvement Program was also expanded by an additional \$500,000. Funding was also provided for demolition of dilapidated buildings (that can no longer be charged to the tax bill and covered by Milwaukee County) and some selected acquisitions. In addition, \$250,000 was allocated for economic development as an incentive to businesses. This amendment is projected to add one year and nine months to the District.

To date, over \$47 million of additional taxable value has been invested into the site. The current success of this

marquee partnership has allowed this project to excel beyond all expectations.

The CDA has loaned Whitnall Summit approximately \$4.5 million, which is scheduled to be repaid in 2017. To be on the conservative side none of these funds have been used in the calculations to pay off the TIF. This was to ensure the financial integrity of paying off this TIF. Also, these funds could provide a potential source of financing should the Six Points/Farmers Market TIF need some form of donor TIF contribution.

Without the proactive use of TIF, there was little probability that property values would have increased to these levels. As a direct result of this TID, the property is now the City's largest taxpayer and the City's largest employment center.

	<b>Total</b>
Base Value	\$15,914,400
Current Tax Increment Value	\$47,078,900
Projected Tax Increment Value	\$0
<b>Total Value</b>	<b>\$62,993,300</b>
Base Taxes	\$435,400
Current Tax Increment	\$1,041,200
Projected Tax Increment	\$0
<b>Total Taxes</b>	<b>\$1,476,600</b>
New Jobs Created	2700
Projected New jobs	200
<b>Total New Jobs</b>	<b>2900</b>



## **TIF DISTRICT NO. 8 – WEHR STEEL - CLOSED**

Private development is always the first goal for the City in revitalizing any neighborhood. This 13.5-acre site, located at 2154 S. 54 St. was occupied by the former Wehr Steel plant, on the eastern edge of the City's limits. The site remained a weed covered parcel with remnants of abandoned building slabs for over a decade.

This plant was once the oldest and largest steel mill in Wisconsin. This property represented a classic brownfield site where the simple fear of the presence of a hazardous substance, pollutant, or contaminant held up redevelopment. The creation of Tax Incremental District Number Eight in 2005 helped advance development and improve the economic position of the property, by eliminating the concerns over potential environmental mitigation costs.



Through \$60,000 of SAG funding from the DNR and a Brownfield Assessment Demonstration Pilot \$200,000 EPA grant (which was one of the first in the nation) provided the initial impetus to eliminate the juggernaut of this major environmental impediment - the fear of potential environmental remediation costs. With these grant funds, the CDA performed the critical environmental assessments of the property to determine the exact extent of contamination. The investigations determined that contamination at the site was significantly less extensive than expected with only low-level metal and polycyclic aromatic hydrocarbon (PAH) impacts.



Once it was determined that the environmental contamination could be easily managed via institutional controls (capping the site with the building footprint, parking lot & soil covering the landscape areas) the owner became re-interested in developing the property.

The CDA also worked with the private owner who wanted TIF funding to relocate a stormwater line so that he could build on the land over the sewer line. The City would not allow the developer to build over a major 54" storm sewer line. The CDA did show the owner how they could get the same building coverage ratio by capping the site and re-orientating the building configurations without any additional public investments.

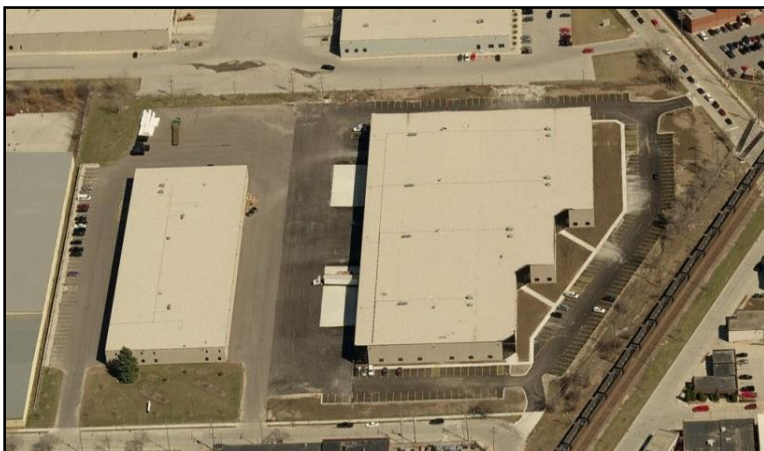
By resolving these impediments, the private property owner ultimately stepped forward and completed a \$9-million redevelopment consisting of 194,000 ft.<sup>2</sup> of industrial space currently occupied by Columbia Pipe & Supply Co., the Marek Group, and Raphael Industries Inc.

No capital TIF expenditures were required, and the District was able to close in 2007.

As noted previously there are a lot of factors involved in a decision to create a TID. The decision to create the Wehr Steel TID revolved around the concept of "Opportunity Cost". There is a cost for doing nothing. In this case the site could (and ultimately did) generate new property tax revenue of about \$200,000 per year. The bottom line was \$200,000 was lost each year for doing nothing – this is what is referred to as the lost "Opportunity Cost".

After trying for 10 years to cajole the property owner to take private action without success, the question was how many more years was the City willing to wait to realize the benefit of the new \$200,000 in property tax relief and the new manufacturing facilities that ultimately provided the 124 family-supporting jobs. The decision was to wait no more.

This District is now valued at \$8,400,000, up \$7,300,000 from the base value of \$1,076,000. It now generates \$227,000 a year in property taxes, which is up \$198,000 from the base tax revenue of \$29,000.



	<b>Total</b>
Base Value	\$1,075,800
Current Tax Increment Value	\$6,807,500
Projected Tax Increment Value	\$0
<b>Total Value</b>	<b>\$7,883,300</b>
Base Taxes	\$24,300
Current Tax Increment	\$199,900
Projected Tax Increment	\$0
<b>Total Taxes</b>	<b>\$224,200</b>
New Jobs Created	85
Projected New jobs	0
<b>Total New Jobs</b>	<b>85</b>

## **TIF DISTRICT NO. 9 – PIONEER NEIGHBORHOOD**

(W. National Ave. from S. 78 St. to S. 81 St.)

Over \$11.5-million in development was realized with the creation of Tax Incremental District Number Nine, known as the Pioneer Neighborhood located along W. National Ave. between S. 78 St. and S. 81 St. The District, created in 2006, encompasses 7.8 acres in the City's earliest neighborhood settlement and included several parcels that were previously used as a school bus parking lot/storage area, former lumber yard, and the former vacant Neis Hardware store. The existing building improvements on the site were blighting influences on the National Avenue corridor.



The site was considered by the West Allis Police Department for a new station, but was passed on due to fears of environmental issues.

Nearly a decade later, the CDA, purchased the site via a voluntary acquisition in the spring of 2006 and added it to the former Neis Hardware site, which was acquired through a foreclosure Sheriff Sale in November 2005, to create this District.



Efforts within the District have resulted in two major redevelopments. The first redevelopment included a new neighborhood bank (PyrMax Bank), and the second portion included 120 units of independent senior living with underground parking, 80 units of assisted living, and 64 units of memory care, and was completed in 2009.

A total of \$3,517,400 in project costs for acquisition, environmental remediation, and site preparation was expended in the District to assist redevelopment. The CDA obtained two DNR SAG grants of about \$60,000, which was utilized to finance the initial environmental site assessment. Once the horizontal and vertical extent of contaminations was fully characterized, the CDA acquired the properties. The CDA in combination with TIF financing utilized a \$475,000, Wisconsin Department of Commerce Brownfield Grant to help defray some of the environmental remediation costs.

The District is currently valued at \$11,700,000, which is a \$9,400,000 increase in value from its \$2,300,000 base. The current taxes of about \$318,000 represent an incremental increase of \$256,000 in property taxes up from about \$62,000.

With the expansion of the Memory Care units, an additional \$1.6-million of development potential exists within the District, and is projected to be constructed around 2018. With that projection added to the current value, the District is set to expire in 2020 after just 14.7 years. (Even without that additional development, the District would pay off its expenses in 2020 after 14.9 years.)

	<b>Total</b>
Base Value	\$2,299,600
Current Tax Increment Value	\$9,251,800
Projected Tax Increment Value	\$1,666,000
<b>Total Value</b>	<b>\$13,217,400</b>
Base Taxes	\$45,900
Current Tax Increment	\$275,800
Projected Tax Increment	\$46,900
<b>Total Taxes</b>	<b>\$368,700</b>
New Jobs Created	80
Projected New jobs	0
<b>Total New Jobs</b>	<b>80</b>





## **TIF DISTRICT NO. 10 – YELLOW FREIGHT**

(S. 116 St. & W. Rogers St.)

West Allis' central location, in combination with the CDA's creative use of TIF and other financing resources induced the repositioning the vacant former Yellow Freight terminal located at 116<sup>th</sup> and Rogers. The TID, utilized to write down land assembly, demolition and environment costs, was crucial in attracting \$11.3 million in development by Wangard Partners and its affiliate Mister Rogers Neighborhood LLC. The 9.6 acres of land is located on the City's west side (at 11528 and 11406 W. Rogers St.) and was formerly occupied by two truck terminals and a divisive railroad spur. The proposed improvements are projected to provide over 130 jobs.



This District was created in 2008 to acquire on a voluntary basis & redevelop the first of two vacant truck terminals. Further, it was designed to proactively foster redevelopment with increased employment opportunities that had less heavy trucking impacts on the local infrastructure and environment. A DNR Site Assessment Grant of \$30,000 was utilized for preliminary environmental investigation prior to acquisition.

Project costs, including acquisition, demolition and environmental remediation, have totaled \$2,357,200 thru 2013. Additionally, to optimally develop the site, the unused railroad spur required removal and utility relocation to accommodate the proposed building footprints. To assist in the redevelopment, Milwaukee County foreclosed on the abandoned railroad spur and the CDA purchased the property from the County for the amount of back taxes.

Wangard Partners closed on financing of the project in fall of 2013. The \$14-million



redevelopment was

financed with a combination of private and public financing programs. The developer purchased the site for \$845,000 from the CDA. Redevelopment is currently under construction with projected spring 2015 occupancy for the 72,000 ft.<sup>2</sup> industrial building for Ferguson Plumbing's showroom. The 50,000 ft.<sup>2</sup> spec industrial/distribution space is projected to be available in the first quarter of 2016. The developer secured \$8 million primary financing from PyraMax Bank that included a \$2.0-million participatory loan from the Wisconsin Housing and Economic Development Authority.

The City of West Allis' regional community development entity, First-Ring Industrial Redevelopment Enterprise, Inc. (FIRE) provided an allocation of New Market Tax Credits that were sold to monetize about a \$3-million subordinate equity loan. The equity was provided as a seven year loan with interest-only payments.

To assist with brownfield issues on the site, the City of West Allis provided a \$400,000 loan from the City's Brownfield Revolving Loan Fund that was capitalized by a grant from the U.S. EPA. The project was one of the first in the nation to pair U.S. EPA Brownfield Revolving Loan funds with a New Market Tax Credit financing structure.

The purchase price of \$840,000 underwrote the City's demolition and environmental expenses. The project successfully



received two Wisconsin Economic Development Corporation Site Assessment Grants (SAG) totaling \$127,000 to assist with demolition and environmental testing to obtain DNR case closure. A city-wide EPA funded Brownfield Assessment Grant was utilized to conduct the City's environmental investigation of the property in order to advance the optimal development of the property.

	<b>Total</b>
Base Value	\$3,463,600
Current Tax Increment Value	\$(3,457,500)
Projected Tax Increment Value	\$11,320,000
<b>Total Value</b>	<b>\$11,326,100</b>
Base Taxes	\$66,500
Current Tax Increment	\$(66,300)
Projected Tax Increment	\$318,900
<b>Total Taxes</b>	<b>\$319,100</b>
New Jobs Created	0
Projected New jobs	130
<b>Total New Jobs</b>	<b>130</b>

## **TIF DISTRICT NO. 11 – S. 84<sup>th</sup> ST. and W. GREENFIELD AVE.**

Facilitating development is often complicated and unique. It requires economic analysis, and it involves multiple parties such as investors, lenders, financial consultants and outside legal counsel, all working towards advancing a project. In the case of 84<sup>th</sup> and Greenfield redevelopment area, the project involved several creative financial strategies and solutions in order to attract a hotel development (often identified as top goal within the City's strategic long-range plan).



TIF #11 was created in 2010 to undertake the redevelopment of 11.4 acres of land impacted by flooding in 2008. The flooding impacted residential properties and a vacant commercial building (Mykonos restaurant) in this area, and irreparably damaged the Milwaukee Gray Iron foundry, causing the business to cease operations permanently at this facility.

A significant financial tool beyond TIF was utilized—EB-5—which is an investor program focused on job creation and capital investment by foreign investors. Following the recent recession, hotel financing underwent stricter underwriting criteria, or was simply hard to obtain. In order to raise \$9.5 million in equity, the developer waited two (2) years while Chinese investors were vetted through Homeland Security, a critical requirement of the EB-5 program.



Another financial element was a Tri-City Bank loan of \$2,500,000 secured through a first mortgage loan. The City-affiliated First-Ring Industrial Redevelopment



Enterprise, Inc. (FIRE) provided a \$1,500,000 leveraged loan, and the TID provided a \$350,000 loan which was personally guaranteed by the property owners, in order to facilitate a \$900,000 state-of-the-art 100-year underground storm water facility, designed to retain storm water on site and not spill out into the neighboring properties.

Redevelopment of the 84<sup>th</sup> and Greenfield area included a combination of TIF, grants and creative financing. Together, these programs contributed to the development of a \$13 million new Hampton Inn and Suites and 9,000 ft.<sup>2</sup> banquet center.



Project costs associated with this TIF District have totaled approximately \$1.3 million to date. Those funds were used for acquisition and relocation of non-grant eligible properties, environmental clean-up and administration, including legal fees. As usual, the single family homes were acquired by only voluntary acquisition. The vacant industrial facility was also acquired on a voluntary basis. The only property that was acquired by eminent domain (condemnation) was a dilapidated restaurant that had been vacant and for sale for over seven (7) years.

A \$29,000 Site Assessment Grant (SAG) was obtained as well as a \$40,000 Citywide EPA Grant to conduct the initial site investigations. In addition to TIF, a \$3.8 million grant from the Community Development Block Grant – Emergency Assistance Program (CDBG-EAP) was awarded to the CDA to assist in writing down some of the property's redevelopment costs.



In October 2014, a groundbreaking ceremony was held for the construction of the \$13.9-million hotel and banquet facility. The hotel is set to open in the fall of 2015. The hotel will occupy 3.2 acres of the District, leaving two (2) additional parcels for complementary redevelopment.

Without additional development, the District is projected to pay off its existing debt with the incremental value provided by the hotel in 2021, six (6) years from now.



However, additional development is expected to be realized on the remaining 8.0 acres of the site. Currently, the City is reviewing proposals for market-rate multi-family housing and a commercial development to take place on the remainder of the site. That development could involve additional project costs but could also provide a projected \$20 - \$30 million of additional improvements, which would substantially accelerate the closing of the TIF District. These potential project costs and resulting substantial tax revenue are not included in the chart below.



	<b>Total</b>
Base Value	\$4,678,000
Current Tax Increment Value	\$(3,053,700)
Projected Tax Increment Value	\$15,000,000
<b>Total Value</b>	<b>\$16,624,300</b>
Base Taxes	\$88,800
Current Tax Increment	\$(46,000)
Projected Tax Increment	\$422,600
<b>Total Taxes</b>	<b>\$465,400</b>
New Jobs Created	0
Projected New jobs	25
<b>Total New Jobs</b>	<b>25</b>

## **TIF DISTRICT NO. 12 – TELEDYNE**

### **(S. 52 St. & W. Burnham St.)**

The former Teledyne site consists of an approximate 8.96-acre parcel of land previously developed with an estimated 301,333-square foot industrial building most currently owned by 5209 Burnham, LLC. The nearly 100 year old facility was historically utilized for the manufacturing of automotive engines and motors. Tax Incremental District Number Twelve was formed in 2011 to help transform the former heavy industrial site at the City's eastern gateway along W. Burnham St.

The City of West Allis performed Phase I and Phase II Environmental Site Assessments (ESA) of the property located at 1910 South 53<sup>rd</sup> Street in 2010. These assessments were conducted on behalf of the City of West Allis and the CD A under a United States Environmental Protection Agency (US EPA) Petroleum Brownfield Assessment Grant to clarify the cost of the environmental impediment-related to redevelopment of the property. The District was created to cover the expected cost of environmental remediation and other costs necessary to make the site marketable for redevelopment.



The results of the environmental assessments suggested that there may be significant amounts of volatile organic compounds (VOC) both chlorinated VOC impacts and petroleum VOCs impacts in the soil and/or groundwater. Further contaminants were identified ranging from vinyl chloride, naphthalene, heavy metals (arsenic and lead in particular), and foundry sand, to elevated concentrations of polychlorinated biphenyl (PCB). The City removed seven underground storage tanks (UST) in conjunction with the demolition of the property, but historical records suggest that there may be many more USTs.

Additional investigation will be required to determine the source and extent of these impacts. An NR 716, WAC Site Investigation is needed to evaluate the extent of soil and groundwater impacts and to evaluate the data relative to the ultimate remedial options available to the site. The site investigation alone is estimated to cost about \$100,000. The remedial response is estimated to be somewhere in the neighborhood of \$500,000 to \$1,000,000.

However, the single largest redevelopment impediment is the current tax liability associated with the site. The former engine factory building was in major disrepair and after several years of litigation and failure of the property owner to comply with building codes the Milwaukee County Circuit Court issued a raze order which required the City to demolish the property.

As allowed under the state law at that time, the demolition costs were assessed as a special charge and placed onto the tax bill. Milwaukee County has subsequently reimbursed the City the entire \$1,900,000 demolition costs. However, those charges, plus interest and penalties currently amount to approximately \$2.7 million that remain on the County's tax bill for the property. This huge property tax delinquency represents an overwhelming barrier, all by itself, to redevelopment.

The current estimated TIF cost projected to be about \$1,300,000. Of that amount \$200,000 is estimated for legal & administration, and up to \$1,000,000 for environmental remediation plus an additional \$100,000 for environmental site investigations.

If the environmental remediation, legal and administrative costs are around a \$1,300,000 and delinquent taxes at \$2,700,000, the total cost to bring the property into a development condition could exceed \$4,000,000.



The land value, as if clean and clear, would probably only yield a purchase price on the private market of about \$890,000 (8.9 acres at \$100,000 per acre). If TIF capacity is available, the Milwaukee County has asked the CDA to explore the potential of sharing at least some of the demolition cost with the county should the county foreclose and deed the property to the CDA.

Based on current market conditions expectations are that if the site were developed as light industrial the redevelopment value could approach approximated \$7.3 million, which includes land value. That would provide incremental tax revenue of \$164,000 per year to pay off the projected costs. Under those expectations, the District could pay off

the CDA's environmental remediation redevelopment related costs in about 15 years from the time of redevelopment.

The owner (5209 Burnham, LLC) has filed for bankruptcy which has worked its way through the court system and should be completed by the end of April 2015. To get this property back into productive reuse Milwaukee County and the CDA need to reach an agreement as to the best way to accelerate the redevelopment of the site.

As can be seen from the above information, without a TIF or some other public assistance, this property would be unmarketable and idle for years to come.

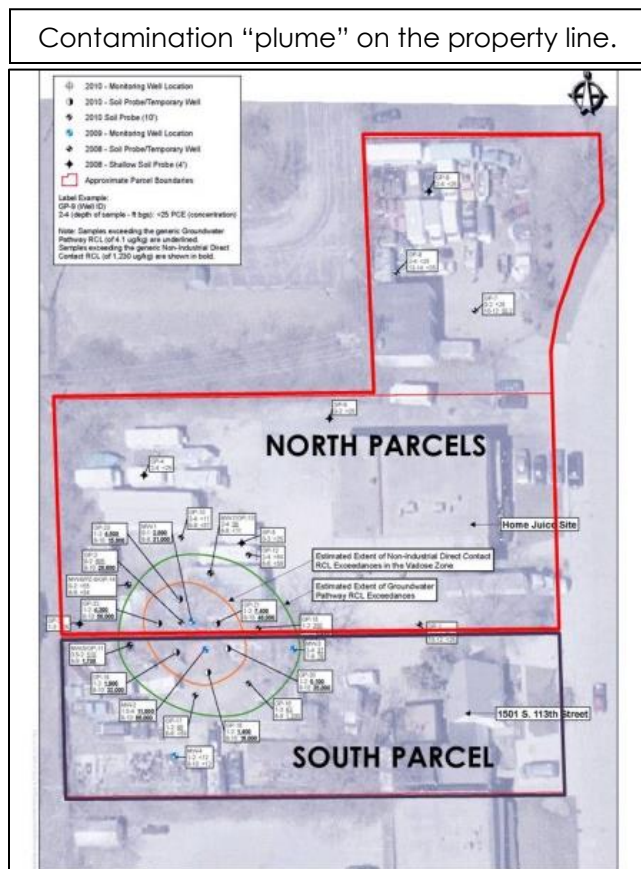
The high cost of environmental remediation and the huge outstanding property tax bill are a classic conundrum to brownfield redevelopment.

	<b>Total</b>
Base Value	\$232,900
Current Tax Increment Value	\$6,000
Projected Tax Increment Value	\$6,300,000
<b>Total Value</b>	<b>\$6,538,900</b>
Base Taxes	\$19,600
Current Tax Increment	\$(12,728)
Projected Tax Increment	\$177,500
<b>Total Taxes</b>	<b>\$184,300</b>
New Jobs Created	0
Projected New jobs	195
<b>Total New Jobs</b>	<b>195</b>



## TIF DISTRICT NO. 13 – FORMER HOME JUICE PROPERTY

(1433 – 1501 S. 113 St.)



Tax Incremental District Number Thirteen, composed of a 1.7-acre area on the west side of S. 113 St., just south of W. Greenfield Ave., was created in 2011 as a result of “midnight dumping” of contaminants on the property line between two underutilized parcels (a former residential property and a commercial property). This illegal dumping created a huge redevelopment impediment because of the substantial cost to cure the environmental contamination. In addition to the environmental development impediment, several “problem factors” existed, which ultimately required the CDA to step in and implement the “but for” test, (but for the governmental involvement, a desired private sector development would not occur). Those “problem factors” included:

1). The **South Property**, a vacant, contaminated residential property, located in the middle of an industrial

area, that was foreclosed on by a bank as a result of the former owner skipping town. An added hiccup to the project was that an unsuspecting first-time home buyer, with very little financial resources, purchased the property.

2). The **North Property**, the former Home Juice site (composed of three parcels) which historically was used as a commercial property, was in the process of being purchased by Supreme Builders, Inc. With the discovery of the contamination from “midnight dumping,” Supreme Builders was no longer interested in purchasing and redeveloping the property into an office complex.

In 2009, with a DNR “Site Assessment Grant” in the amount of \$42,000, Phase I and Phase II Environmental Assessments were completed. The property owners allowed the CDA access to the sites to conduct environmental Investigations to determine the horizontal and vertical extent of the contamination, and evaluate the remedial option measures and the anticipated cost.

The environmental reports indicated a release of tetrachloroethene (PCE), a chlorinated volatile organic compound (CVOC). In addition, low-level concentrations of polycyclic aromatic hydrocarbons (PAHs) and arsenic were detected in shallow, near-surface soils above their respective generic direct-contact residual contaminant levels (RCLs) on both properties.

The site investigation delineated the extent of the PCE impacts in soil and groundwater as well as the PAH and arsenic impacts in shallow soil. Total project costs, including environmental remediation, demolition, acquisition, legal, administrative and other associated costs were estimated at approximately \$707,000. The contamination plume was perfectly centered on the shared property line and extended to a point that cleanup needed to be tackled from both properties at the same time. Cleanup on one property could not be done without simultaneous clean-up on the other property.

After months of negotiations, the CDA finally approved an Agreement for Services between the former Home Juice owner and Supreme Builders, Inc. The Agreement provided for the owner of the former Home Juice properties to place \$250,000 into an escrow account for the CDA to use for environmental remediation costs, and the CDA agreed to complete the environmental remediation subject to the DNR granting Case Closure.

Supreme Builders, Inc. was interested in immediately constructing the new commercial office complex. However, no bank would have provided financing for such a project without a “case closure” approval letter from DNR. Since clean-up and monitoring were projected to take approximately two (2) years, the CDA creatively provided environmental indemnification to the new developer, which allowed for the purchase of the properties and move forward with his \$1.2-million project. The environmental indemnification provided by the CDA was fully funded by the \$250,000 Home Juice escrow fund, state and federal grants, and about \$194,000 in TIF financing. With creative financing for the environmental remediation and a solid public/private partnership between the CDA, property owners and future developer, the CDA’s actions allowed for redevelopment potential to go from “impossible,” to “possible.”

If it wasn’t “but for” the CDA’s involvement in the environmental clean-up, no development would have taken place on these contaminated properties.

As a result of the above, construction of the office has started. In addition, an approved remedial action is underway to address the PCE impacts on the subject property. It consists of a combination of vapor extraction to address the contaminated soil and in-situ chemical oxidation to remediate the groundwater. This remedial action is



intended to reduce the source area of the PCE impacts. Post active-remediation groundwater monitoring will be required on the property prior to case closure. In addition, surface barrier is recommended to reduce exposure to shallow surface soil and help protect the groundwater. The CDA expects to receive a “case closure” letter from the DNR by late 2017.

This entire project is an extremely successful “poster child” case for the need of governmental intervention along with a creative private-public partnership to redevelop “upside down” properties. “But for” the CDA stepping in to take the leadership in structuring an environmental financing package the blighted and contaminated properties that would have continued to sit vacant with no end in sight, the environmental contamination would have remained in place continuing to be a health threat to the neighborhood, and no development would have been environmentally allowed on this site, let alone the new construction of a \$1.2 million office building.

In order to make the project financially feasible, the CDA was able to utilize \$186,000 in EPA grants, \$35,000 from the WDNR for a “Ready for Reuse” loan which was creatively converted to a grant, a DNR “Site Assessment Grant” in the amount of \$42,000, and \$250,000 of the proceeds from the owner of the former Home Juice funded from the land sale to Supreme Builders, which was placed into escrow. In addition, approximately \$194,000 in TIF funding will be utilized. These funding sources are anticipated to cover the approximate \$707,000 of total projected costs.

The biggest deterrent in how quickly the TIF can be paid off is the relatively high existing property tax value of the contaminated properties. The CDA could have waited several years while the assessed values of the contaminated properties were reduced to \$100 each. That would have allowed a much more significant tax increment to help finance project cost. However, the current taxes being generated by the current base would no longer go towards taxing jurisdictions, but would be set aside to finance tax increment debt.

As a result, even though the new redevelopment is extremely attractive, the relative increase in value is only moderate, generating a tax increment of about \$33,000 per year.



The District has a base value of \$537,400, and redevelopment is expected to raise the value to \$1,200,000. The incremental tax revenue from this additional value will be utilized to pay off project cost debt. Under current projections, the District is set to expire in 2032.

	<b>Total</b>
Base Value	\$537,400
Current Tax Increment Value	\$(62,800)
Projected Tax Increment Value	\$1,200,000
<b>Total Value</b>	<b>\$1,674,600</b>
Base Taxes	\$14,700
Current Tax Increment	\$(3,600)
Projected Tax Increment	\$33,800
<b>Total Taxes</b>	<b>\$44,900</b>
New Jobs Created	0
Projected New jobs	10
<b>Total New Jobs</b>	<b>10</b>



## **TIF DISTRICT NO. 14 – S. 68<sup>th</sup> ST. AND W. MITCHELL ST.**

This Tax Incremental District was recently approved as TID 14 – 68<sup>th</sup> and Mitchell. The District encompasses approximately 14.7-acres of land in the City's historical industrial corridor. The District is primarily occupied by buildings and land that were formerly owned and operated as the Milwaukee Ductile Iron Foundry, which closed in 2009.

Since that time, much of the District has been underutilized and was most recently purchased for its scrap value. Unlike TID 11, where the City acquired the property and bid out the demolition, it was hoped that the private sector would lead the charge for redeveloping these properties. Since the property was historically used as a foundry and had documented environmental releases on the property, the City applied for a Wisconsin Plant



Recovery Initiative grant from Wisconsin Department of Natural Resources. Over \$46,000 in grant funds were deployed to identify environmental impacts, conduct general environmental testing, and identify any barriers of redevelopment. To date, the extent of private sector developer redevelopment has only completed the demolition/harvesting of all metal from the building, which was sold for scrap. Once all of the interior and exterior metals were salvaged and sold, the owners stopped all work.

It is currently estimated that the cost for completing the demolition of the remaining footings and foundations is about \$500,000 and the cost of the necessary environmental remediation is estimated to be about \$500,000 to \$1,000,000. The



current appraised value of the site is about \$1.7 million, minus the remaining demolition and environmental costs.

The purpose of the District is to assure that this industrial dinosaur is completely demolished, environmentally

remediated, and the site is adequately prepared for future redevelopment by the current private-sector owner. Failing this, the CDA is preparing to step in as “developer of last resort”.

The private-sector owner completed the salvaging of all the metal within the property and then stopped work.

Since the current private owner has failed to complete their responsibility under the demolition permit and the DNR's requirements to complete the environmental remediation, the CDA intends to proceed with acquisition of the property and deduct these environmental costs from the purchase price. The current site conditions are shown below. The CDA is currently proceeding via eminent domain to acquire the property and complete the demolition of the footings and foundations and undertake all DNR-required environmental remediation. The first step in eminent domain is negotiating a voluntary sale.

The appraised value of the complex is about \$1.7 million which assumes the former manufacturing buildings are completely demolished (which includes the footings and foundations) and environmentally remediated to the point when the site is bankable.

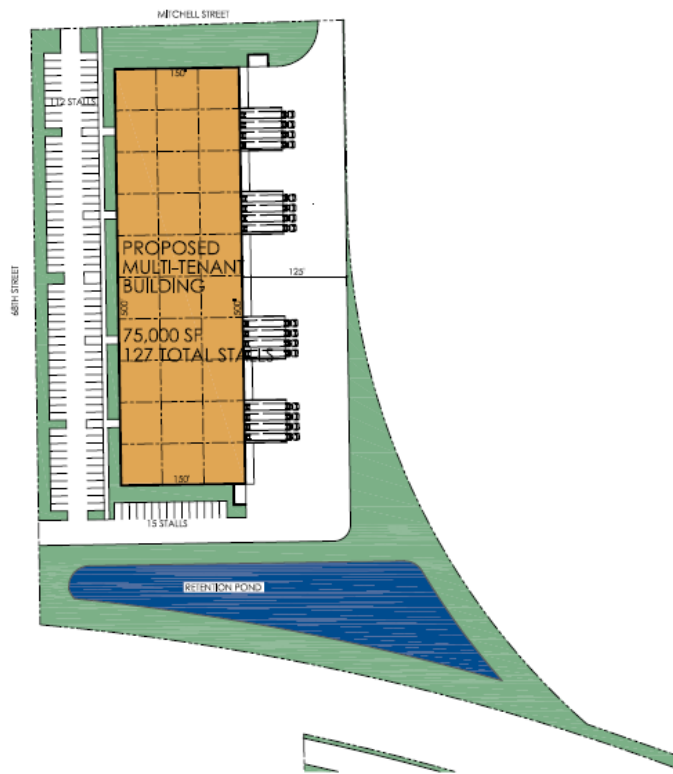


Prior to completing the acquisition, the CDA will expend about \$100,000 in environmental investigation cost plus any legal costs for the acquisition process. It is also anticipated the CDA will expend around \$500,000 in demolition costs for the 6771 W. National Ave. property (the white building fronting W. National Ave.) so as to maximize the redevelopment of the parcel.

To enhance the surrounding neighborhood within ½ mile of the project the CDA has budgeted \$500,000 to capitalize a Neighborhood Housing Rehabilitation Loan program and to finance demolition of dilapidated buildings in the neighborhood.

The expected redevelopment within the area could total just over \$11 million. That assumption includes a 60,000 ft.<sup>2</sup> commercial development (\$75/ft.<sup>2</sup>) and a 120,000 ft.<sup>2</sup> office/industrial development (\$55/ft.<sup>2</sup>) to be developed by 2017.





	Total
Base Value	\$1,126,800
Current Tax Increment Value	\$0
Projected Tax Increment Value	\$10,794,900
<b>Total Value</b>	<b>\$11,921,700</b>
Base Taxes	\$31,700
Current Tax Increment	\$0
Projected Tax Increment	\$304,100
<b>Total Taxes</b>	<b>\$335,800</b>
New Jobs Created	0
Projected New jobs	350
<b>Total New Jobs</b>	<b>350</b>

Without the proactive use of TIF, there was little probability that property values would increase above those levels.

## CONCLUSION

Spanning the past two decades, the story of utilizing Tax Incrementing Financing has produced contrasting and unique chapters of a city reinventing itself. Ultimately, the use of TIF helped the City reverse decline, redevelop challenged areas, and reestablish and grow the City's image and tax base through millions of dollars of investment from both private and public sectors. Some districts have been focused on business expansion and job creation, while others have provided housing opportunities (both market rate and senior housing). Each district in West Allis directly tackled blight elimination and neighborhood stabilization utilizing various methodologies. The new or incremental property taxes generated from these initiatives have been used to finance the City's neighborhood revitalization. The measurement of success can be seen in the list of the City's Largest Taxpayers, of which five (5) of the top seven (7) were brought about through the use of Tax Incrementing Financing (see Exhibit 2). In addition, TID Seven produced the second-largest office building in the Milwaukee Metropolitan area.

Over the past years, the bond rating firms of Standard & Poor's and Moody's have spoken favorably of the City's redevelopment efforts. As a result, the City has had a stable and very favorable bond rating even during recent economically-challenged times.

West Allis's 14 TIF Districts have produced a number of achievements ranging from 1.7 million sq. ft. of industrial space to nearly 900,000 sq. ft. of office. :

<b>New Taxable Value</b>	\$ 228,899,508
<b>New Tax Revenue</b>	\$ 5,990,300
<b>Number of jobs</b>	5,700.00
<b>TIF Closed</b>	5 out 14
<b>Total Acres Prepared/will be prepared for development</b>	294
<b>Industrial Sq. ft.</b>	1,772,716
<b>Office Sq. ft.</b>	859,448
<b>Commercial Space Generated</b>	179,328
<b>Housing Units</b>	695
<b>Infrastructure Investment</b>	\$ 9,750,000
<b>Grants Leveraged</b>	\$ 12,570,000

The contributions of each TID certainly improve the area within the adopted district boundaries. However, these contributions cultivate a fertile environment that attract development beyond their boundaries. With a positive image of transformation and redevelopment, West Allis attracted over 1,800 jobs in 2014 as well as continued private investment throughout the City. From Wall Street to Main Street, the economic resurgence of West Allis can be witnessed through the attraction of several other



projects: 800 jobs at a new Johnson Controls, Inc. Unity Division office complex at 801 S. 60<sup>th</sup> St. (see picture below); the new headquarters of Cardinal Capital at 901 S. 70 St., who is a leading housing developer and equity company; offices of Children's Hospital with over 500 new jobs to West Allis; and many more. The benefits of TIF investment can be seen in the downtown as new businesses open ranging from a pottery shop, to a well-known bakery. Most importantly, as new investors and entrepreneurs evaluate opportunities, West Allis is commonly being placed on top of the list.

Overall, throughout this comprehensive report, there are highlights and prime examples of the positive impact of TIF Districts have on the community and how the economic tool changed West Allis' landscape and promoted the West Allis image in the metro-Milwaukee area. If the past few years are a reflection of the future, than through effective leadership and progressive visioning by West Allis' community members, Tax Incremental Financing will continue to serve as the fuel and financial tool to support a continued evolution of modernization and growth.



## Exhibit 1

### Background

Adopted first in 1975, legislation within the Wisconsin State Statutes (66.1105) gives municipalities the authority to create Tax Incremental Financing districts to address blight through concentrated redevelopment efforts. Importantly, as part of creating a TIF District, a municipality must find that the desired redevelopment would not happen “but for” the use of TIF. In other words, the municipality must believe in the feasibility of a redevelopment initiative and make a public finding that without the use of TIF, the proposed project would not happen on its own.

### What is Tax Increment Financing?

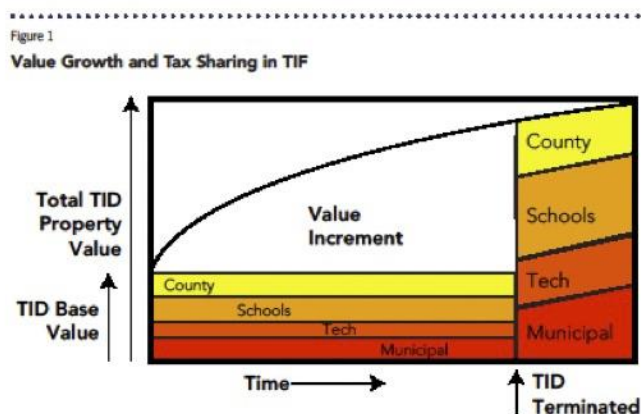
When a TIF District is proposed, the project and its financial feasibility are carefully reviewed and underwritten by City leaders, taxing jurisdictions, staff, and a team of consultants working together to ensure significant community benefit and proper investment of TIF revenue.

As part of the consideration, the City also looks at “opportunity cost.” This term refers to leaving conditions as the status quo and deciding to wait for the private sector to inject investment capital and foster change. The time spent waiting over what could be conceptually developed, is an “opportunity cost.” As increased tax revenues are not received, property values continue to diminish, and the appearance of aged blighted industrial sites restrict the ability to attract capital and new vibrant development. In addition, a community’s image suffers greatly because of lack of reinvestment.

### The Creation of a Tax Increment Financing District

A Tax Incremental Financing (TIF) District is a contiguous geographical area within a city that is assessed for general tax purposes. The taxing jurisdictions (City, School District, Milwaukee County and Milwaukee Area Technical College) representing the area jointly decide to utilize the “value increment” or “new tax revenue” gained by the newly redeveloped property to pay for project costs.

The Tax Increment law allows a community to recapture the costs of public expenditures made to stimulate new development from the property taxes generated by the new development.



Fundamental to the TIF law is the concept that new development will benefit all local taxing jurisdictions, but state law requires the municipality to take the lead in funding redevelopment initiatives. However, an inequity occurs because the community is left to finance the entire cost of public expenditures needed to facilitate the development. The TIF law recognizes that without the TIF expenditures, the desired development could not or would not have occurred.

Thus, the TIF law provides that all property taxes levied on increased property value within a TIF district are retained by the community to finance the public expenditures made within the TIF district, rather than normally being distributed among all the taxing jurisdictions. The base value (the value that existed at the time the TIF district is created), however, continues to provide same level of revenues to the other taxing jurisdictions. Once all of the public expenditures have been repaid, all taxing jurisdictions can collect taxes levied on the new property value.

State statutes are very specific as to how a TIF district is created. First, a TIF project plan is developed and presented to the Community Development Authority (CDA) for a formal public hearing. The CDA makes a recommendation on the TIF project plan to the City Council. The Council then must pass a resolution adopting the TIF project plan and establishing the TIF boundaries. Finally, a Joint Review Board is created with members from the City, School District, County, Milwaukee Area Technical College, and one member at large. The Joint Review Board reviews the TIF plan and public hearing comments and approves the creation of the TIF district.

### How TID Funds Are Spent

TIF financing is commonly used to pay for demolition, environmental investigation and remediation, public infrastructure, site access, stormwater controls, geotechnical soil issues, and sometimes site assembly. Often, in dealing with the issues of historically industrial redevelopment or environmental conditions, legal costs are a significant part of project costs. Most recently, project costs associated with job creation incentives and neighborhood improvements have also been added to project plans, to strengthen the viability of the districts and their surrounding neighborhoods.

In addition to the general obligation bonds that are borrowed to fund projects, TIF very often leverages additional resources through public-private partnerships. These additional resources help to pay down project costs and return the districts to the general tax roll, as quickly as possible. In addition to private investment, other sources include New Market Tax Credits, and State and Federal grants and loans through the Wisconsin Department of Natural Resources (DNR), Wisconsin Economic Development Corporation (WEDC, formerly the Department of Commerce), and federal agencies such as the Environmental Protection Agency (EPA) and the Department of Housing and Urban Development (HUD).

State or federal grants are an important component to the success of TIF Districts as they assist with due diligence and reduce the upfront costs in preparing sites for

development. For example, Site Assessment Grants (SAG) from the Wisconsin Department of Natural Resources (DNR) and the Wisconsin Economic Development Corporation (WEDC) are one of the most important state resources as they help launch the first steps towards redevelopment. Financing for the first environmental investigation on a site is always hard to obtain. These pivotal funds are necessary to kick-start virtually any redevelopment. West Allis has utilized nearly \$1 million in SAG funding to start redevelopment in almost all of its Tax Increment Financing Districts.

### The Decision to Create a TID Involves a Complex Matrix of Options

If a piece of property is stagnating or declining in value, it is prudent public policy to begin the process of evaluating what is holding this property back and what, if any measures, are necessary to facilitate revitalization. The first option is always to do nothing. If the aftermath of that decision leads to continual blighting conditions, some type of public intervention may be necessary.



With the creation of a TIF district, a community borrows money to pay for expenses tied to a specific development project. Only the property taxes generated from the increased value of the project pay off the borrowed debt over time. Once that debt is repaid, the tax base grows and the increased revenue generated by property taxes flow to the municipality, the school district, county and technical college, providing much needed property tax relief.

The second step would be to determine what impediments are holding the property back from being privately redeveloped. Once identified, what is the most cost-effective approach to proactively intervene and induce major private-sector investment?

The next logical progression would be to define the cost of removing impediments, whether it is environmental remediation, demolition of dilapidated buildings, soil compaction, or amelioration of poor soils insufficient to support a modern building. Sometimes an economic incentive is necessary to attract a high-quality, job-generating business to the neighborhood.

Once these impediment costs are identified, the next step is to determine how much of this cost the public sector must “eat” to return the site so that it can compete in the market place for private sector investment. The typical quandary is, if the market value of a piece of property is \$100,000/acre and the environmental remediation cost is \$200,000/acre, that parcel is utterly upside down with no prospects for redevelopment. Examples of these issues are the Wehr Steel site, the 113<sup>th</sup> & Greenfield site, and the Pressed Steel Tank site.

If it is too costly to remove the development impediments, a less challenged suburban site will be developed and the challenged site will just sit there negatively impacting the



surrounding neighborhood. From an urban sprawl perspective, for every one acre of urban land that is redeveloped, 3 to 3.5 acres of suburban sprawl is avoided.

In many cases public improvements are also needed, such as streets, storm & sanitary sewers and water lines to accommodate the new development. Examples of these issues are the S. 70<sup>th</sup> St. corridor, Theodore Trecker Way, 69<sup>th</sup> & Orchard St., etc.

In another local economic development decision scenario you could have a site where a big box retailer could afford to purchase the property and remove the impediments but only provide few full-time minimum wage jobs. Under this scenario if this type of development was all that the community aspired to, no TIF/public financing will be required. However, if it is a local decision that the community wants to promote family-supporting jobs on the site, TIF funding would be required to underwrite the site cost to a point where a manufacturer could afford the land.

Quad/Graphics is an excellent example of a local decision made by all the taxing jurisdictions to utilize TIF to lower the land development cost so that it was affordable to a manufacturing enterprise. Quad Graphics ultimately provided 800 manufacturing family-supporting jobs and in addition more than tripled the tax base.

These are the types of decisions that local taxing jurisdictions must jointly weigh in determining the costs and benefits of each TIF decision.

In built-out, urban communities with changing economic needs and historical environmental issues, redevelopment comes at a higher cost. For West Allis, a landlocked first-ring suburban community can only grow from within its existing boundaries. West Allis has no cornfields to expand on to. As an economic development tool, TIF provides local leadership an opportunity to level the playing field with appealing, “greenfield development” and more competitive urban sites. It ultimately keeps the image of communities viable, stabilizes property values, maximizes previous investments in public infrastructure and provides an environment where family-supporting jobs can be created.

A more complete look at the numbers for each of these districts is provided in Exhibit 3.

## Exhibit 2

### Largest Taxpayers – 2014 Assessment Roll

	<b><u>2014 Assessed Value</u></b>	<b><u>% of Total Assessed Value</u></b>
Whitnall-Summit Co	\$38,635,100	1.0
William Blake	\$20,592,900	.6
Ramco Properties Assoc	\$18,367,600	.5
JDN West Allis Assoc	\$16,873,500	.5
Renaissance Faire	\$16,230,600	.4
Quad Graphics	\$15,781,200	.4
Toldt Development Inc	\$15,339,300	.4
Metropolitan Holding Co	\$14,366,700	.4
Sam's Real Estate	\$12,181,800	.3
Dayton-Hudson (Target)	\$11,341,100	.3
LBS Ltd Partnership	\$10,987,800	.3
Harold Wilde	\$10,888,600	.3
Riverwood Associates	\$10,678,500	.3
Heritage 6 LLC	\$10,541,000	.3
Home Depot	\$10,423,700	.3
SPTMNR Properties Trust	\$9,863,500	.3
James Krahm	\$9,785,300	.3
Southtown Plaza LLC	\$9,150,600	.3
Veterans Park	\$8,955,900	.2
NDC, LLC	\$8,876,800	.2
	<b><u>\$279,861,500</u></b>	

Source: Assessor's Office

Exhibit 3

2014 City of West Allis Tax Incremental Financing District Overview

		CLOSED	CLOSED	CLOSED	CLOSED	CLOSED										
		S. 70 St. and W. Walker Place	Veterans Park	Quad/Graphics	S. 113th St. and W. Greenfield Ave.	Six Points / Farmers Market	Juneau Highlands	Summit Place	Wehr Steel	Pioneer Neighborhood	Yellow Freight	84th and Greenfield	Teledyne	Former Home Juice	68th and Mitchell	TOTAL
A	TID	1	2	3	4	5	6	7	8	9	10	11	12	13	14	
B	Base Year	1993	1994	1994	1995	2001	2004	2004	2005	2006	2008	2010	2011	2011	2015	
C																
D	Base Value	\$5,781,900	\$1,681,600	\$4,307,500	\$0	\$18,524,000	\$1,330,600	\$15,914,400	\$1,075,800	\$2,299,600	\$3,463,600	\$4,678,000	\$232,900	\$537,400	\$1,126,752	\$60,954,052
E	Current Incremental Value	\$20,427,500	\$7,148,100	\$9,636,900	\$8,863,700	\$23,660,400	(\$574,200)	\$47,078,900	\$6,807,500	\$9,251,800	(\$3,457,500)	(\$3,053,700)	\$6,000	(\$62,800)	\$0	\$125,732,600
F	Projected Incremental Value	\$0	\$0	\$0	\$300,000	\$50,000,000	\$6,586,000	\$0	\$0	\$1,666,000	\$11,320,000	\$15,000,000	\$6,300,000	\$1,200,000	\$10,794,908	\$103,166,908
G	Total Current and Projected Value	\$26,209,400	\$8,829,700	\$13,944,400	\$9,163,700	\$92,184,400	\$7,342,400	\$62,993,300	\$7,883,300	\$13,217,400	\$11,326,100	\$16,624,300	\$6,538,900	\$1,674,600	\$11,921,660	\$289,853,560
H																
I	Total Projected Incremental Value	\$20,427,500	\$7,148,100	\$9,636,900	\$9,163,700	\$73,660,400	\$6,011,800	\$47,078,900	\$6,807,500	\$10,917,800	\$7,862,500	\$11,946,300	\$6,306,000	\$1,137,200	\$10,794,908	\$228,899,508
J																
K	Base Taxes	\$161,200	\$46,900	\$120,100	\$0	\$516,600	\$28,772	\$435,432	\$24,300	\$45,950	\$66,515	\$88,844	\$19,600	\$14,654	\$31,741	\$1,600,608
L	Current Incremental Taxes	\$584,147	\$204,897	\$288,533	\$252,030	\$697,044	(\$6,184)	\$1,041,181	\$199,935	\$275,785	(\$66,343)	(\$45,978)	(\$12,728)	(\$3,560)	\$0	\$3,408,759
M	Projected Incremental Taxes	\$0	\$0	\$0	\$8,451	\$1,408,500	\$185,528	\$0	\$0	\$46,931	\$318,884	\$422,550	\$177,471	\$33,804	\$304,093	\$2,906,212
N	Total Current and Projected Taxes	\$745,347	\$251,797	\$408,633	\$260,481	\$2,622,144	\$208,116	\$1,476,613	\$224,235	\$368,666	\$319,056	\$465,416	\$184,343	\$44,898	\$335,834	\$7,915,579
O																
P	Total Projected Incremental Taxes	\$584,147	\$204,897	\$288,533	\$260,481	\$2,105,544	\$179,344	\$1,041,181	\$199,935	\$322,716	\$252,541	\$376,572	\$164,743	\$30,244	\$304,093	\$6,314,971
Q																
R	Current Debt (12/31/13)	N/A	N/A	N/A	N/A	\$17,433,810	\$1,981,969	\$2,882,156	N/A	\$1,592,557	\$2,597,162	\$851,995	\$24,056	\$0	\$0	\$27,363,705
S																
T	Current Capital Investment	\$8,014,760	\$2,110,565	\$4,737,273	\$2,705,098	\$17,307,119	\$2,187,924	\$12,378,930	\$3,287	\$2,715,041	\$2,357,274	\$1,360,637	\$24,065	\$228,858	\$0	\$56,130,831
U	Projected Additional Capital Investment	\$0	\$0	\$0	\$0	\$1,000,000	\$25,000	\$2,260,000	\$0	\$0	\$0	\$0	\$1,314,000	\$150,000	\$4,092,260	\$8,841,260
V	Total Capital Investment	\$8,014,760	\$2,110,565	\$4,737,273	\$2,705,098	\$18,307,119	\$2,212,924	\$14,638,930	\$3,287	\$2,715,041	\$2,357,274	\$1,360,637	\$1,338,065	\$378,858	\$4,092,260	\$64,972,091
W																
X	TID Donations	\$1,100,000	\$0	\$2,500,000	\$0	N/A	N/A	N/A	\$0	N/A	N/A	N/A	N/A	N/A	N/A	\$3,600,000
Y																
Z	Project(ed) Closure	2007	2014	2008	2006	2027	2023	2018	2007	2020	2028	2021	2025	2032	2033	
AA	TID Duration (years)	15	21	15	12	27	20	15	3	15	21	12	15	22	19	